

San Jose



CAPITAL
OF
SILICON VALLEY



PROGRESS HIGHLIGHTS

Economic Development Strategy

Getting Families Back to Work

AUGUST 2004



About This Document

In August of 2003, the San Jose Mayor and City Council held five days of “Getting Families Back to Work” study sessions, where economic and community stakeholders recommended ways to improve San Jose’s business climate and competitiveness. On August 27, 2004, the Mayor and City Council will host a daylong study session to review progress in the last year, and identify future directions.

Last year’s study sessions led to immediate adoption of more than 50 specific action directives, and provided valuable input to San Jose’s comprehensive Economic Development Strategy, which was adopted by the City Council unanimously in November 2003.

This document highlights key accomplishments in implementing San Jose’s Economic Development Strategy, including the “Getting Families Back to Work” directives, from September 2003 to August 2004. It also highlights some significant challenges and quantitative progress measures. Content is organized by the six vision themes and 15 strategic initiatives introduced in the Economic Development Strategy.

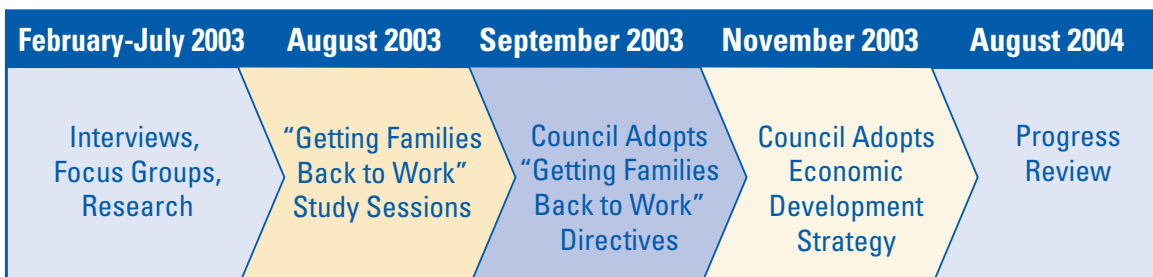
Appendix provides a complete list of the “Getting Families Back to Work” council directives, and other projects underway to implement San Jose’s Economic Development Strategy. The Executive Summary and Full Report of the Economic Development Strategy are available at www.sjeconomy.com.

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Implementation Team

Economic development in San Jose is a citywide business.
More than 120 individuals from 18 City departments have helped implement 140 projects to advance the Economic Development Strategy in its first year.





As the **Capital of Silicon Valley**, and
the largest city in the world's leading
region for innovation,

San Jose is...

A Global Gateway, a cosmopolitan,
international city for leading businesses
and talent from around the world

A Creative Community that pioneers
innovation within and across technology
and business, culture and society

An Entrepreneurial Environment where
people from all walks of life start and grow
companies that achieve their dreams

A Tech-Savvy City that uses and showcases
technology to improve daily life

A Place of Opportunity, where residents find
a range of rewarding employment opportunities
and support to participate in the economy

World's Most Livable Big City, with diverse
and distinctive qualities of life!

15 STRATEGIC INITIATIVES

Global Gateway

1. Build a World-Class Airport Facility and Air Services.
2. Forge Connections to Innovation Regions Globally for Mutual Economic Benefit.

Creative Community

3. Develop Strategic Partnerships with San Jose State and Other Universities to Drive Innovation and Economic Impact.
4. Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley.

Entrepreneurial Environment

5. Support Start-Up and Growth of Local Businesses, Small and Large, in Tech as well as Non-tech Fields.
6. Improve Speed, Consistency, and Predictability of the Development Review Process, and Reduce Costs of Operating in San Jose.

Tech-Savvy City

7. Make San Jose a Tech-Savvy City; Lead the Way in Using Technology to Improve Daily Life.

Place of Opportunity

8. Diversify San Jose's Economic Base and Preserve/Create Middle-Income Jobs.
9. Prepare Residents to Participate in the Region's Economic Opportunity, from K-12 to Lifelong Learning.

World's Most Livable Big City

10. Continue Emphasis on Developing New Housing, Including New Housing Types in a Variety of Neighborhood Settings.
11. Revise Key Land Use and Transportation Policies to Reflect the New Realities of the San Jose Economy.
12. Encourage Sporting Teams, Events, and Facilities, Professional as well as Amateur.
13. Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability.

Capital of Silicon Valley

14. Communicate a Compelling, Consistent Community Identity for San Jose.
15. Engage Private-Sector Leadership for San Jose's Economic Strategy.

Source: San Jose Economic Development Strategy, adopted November 2003

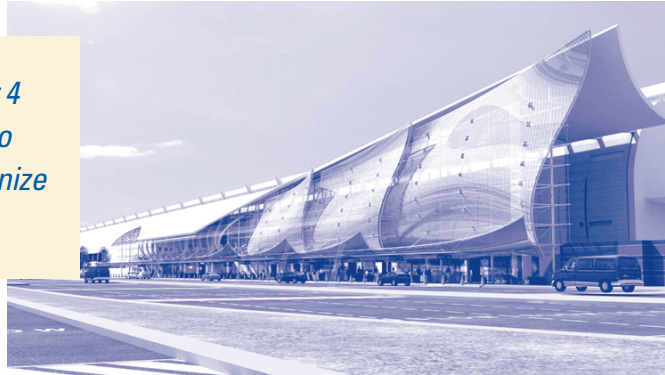
GLOBAL GATEWAY

Strategy #1: Build a World-Class Airport Facility and Air Services

Progress Highlights

- Successfully recruited JetBlue Airways.
- Designed and broke ground on North Concourse.
- Completed 87/Skyport entrance to airport. Started construction on upgrade to 880/Coleman airport entrance.
- Held discussions with three airlines about new international services.

*San Jose Is In Year 4
of a 10-Year Effort to
Expand and Modernize
the Airport*



WE HAVE MORE WORK TO DO

- Airport has direct service to only three international destinations.
- San Jose ranks 11th nationally in population size, but ranks 36th in airport traffic.
- San Jose's share of the Bay Area air service has leveled off at 20%.
- 33% of passengers do not have the non-stop service they want from San Jose.

Strategy #2: Forge Connections to Innovation Regions Globally for Mutual Economic Benefit

Progress Highlights

- Attracted business and government visitors from 16 countries to the Bioscience Incubator and Innovation Center since June of 2004.
- Hosted more than 1,000 international business, government, and university visitors to San Jose to learn about the economy and community.
- Drafted new Economic Partnership agreement with Cambridge, England to expand business, investment, and university linkages.
- Planned and implemented July 2004 economic development mission to Dublin, Ireland; Derry, Northern Ireland; and Cambridge, England.

CREATIVE COMMUNITY

Strategy #3: Develop Strategic Partnerships with San Jose State and Other Universities to Drive Innovation and Economic Impact

Progress Highlights

- Joint Library won national “Library of the Year” award from the Library Journal for their “path-breaking collaboration.”
- Hospitality-Tourism Training Program developed collaboratively by Silicon Valley Workforce Investment Network and SJSU Hospitality School.
- Assisted SJSU with winning federal competition to become the lead Small Business Development Center for Northern California.
- Executed sublease agreement with SJSU Foundation to operate the Bioscience Incubator and Innovation Center.
- “Beyond the King Library: A Framework for City-University Collaboration” drafted by senior professional leadership from the University and City.

SIX THEMES FOR CITY-UNIVERSITY COLLABORATION

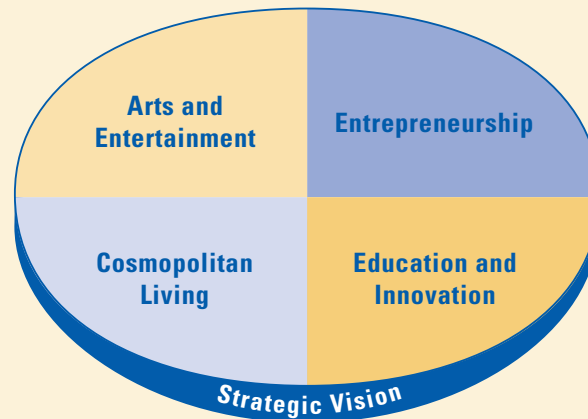
- Physical Integration of University and Downtown
- South Campus Sports and Recreation
- San Jose’s National/International Identity
- City Hall-University Joint Programming
- Arts, Culture, and Creative Community
- Innovation, Research, and Employee Education

Strategy #4: Evolve and Position Downtown as a Unique Creative and Cultural Center of Silicon Valley

Progress Highlights

- Secured 40 retail, restaurant, and entertainment businesses opening Downtown in 2004, including Montgomery Hotel, Camera Cinemas, and California Theater.
- Supported Downtown expansion of Adobe, and location of tenants such as Snap Appliance, Virgin Electronics, Bridge Bank, and CB Richard Ellis.
- Created flexible pricing to improve the competitiveness of the Convention Center, and awarded Convention and Arts facilities management responsibility to Team San Jose.
- Secured “eBay Live” conference for 2005 using new Access San Jose model. Won international competition to host the International Symposium of Electronic Arts in 2006.
- At Mayor’s recommendation, Council directed staff to negotiate with the San Jose Museum of Art to expand into the former MLK Library and create the International Center for Art and Technology.

DOWNTOWN SAN JOSE: SILICON VALLEY'S CREATIVE CENTER



DID YOU KNOW?

- *Downtown is home to 100 technology start-ups, with a combined employment base equaling Adobe?*
- *The economic impact of the arts in San Jose approaches \$180 million annually?*
- *Homes have been built for more than 8,000 Downtown residents since 2000?*
- *Downtown retail openings for 2003-04 alone total more than 280,000 square feet? This addition to the market is larger than the entire Pruneyard Shopping Center in Campbell.*

DOWNTOWN'S CAPACITY IS EXPANDING

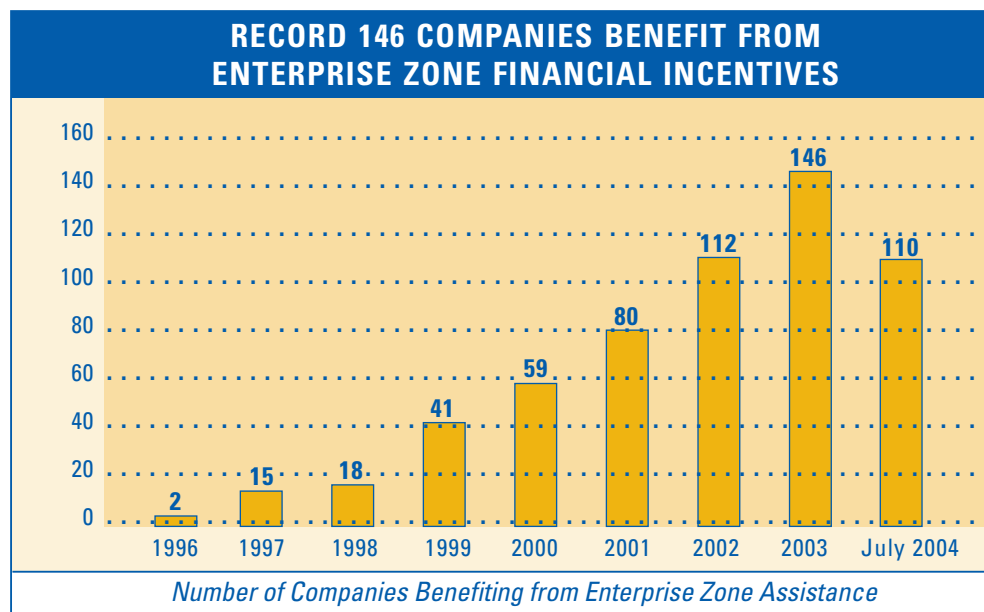
	1999	2004	% Increase
Retail/Entertainment/Museum SF	1.086 million	1.433 million	32%
Office SF	5.216 million	6.200 million	19%
Hotel Rooms	1,477	2,247	52%
Visitors	2.240 million	2.303 million	3%

ENTREPRENEURIAL ENVIRONMENT

Strategy #5: Support Start-up and Growth of Local Businesses, Small and Large, in Tech as well as Non-tech Fields

Progress Highlights

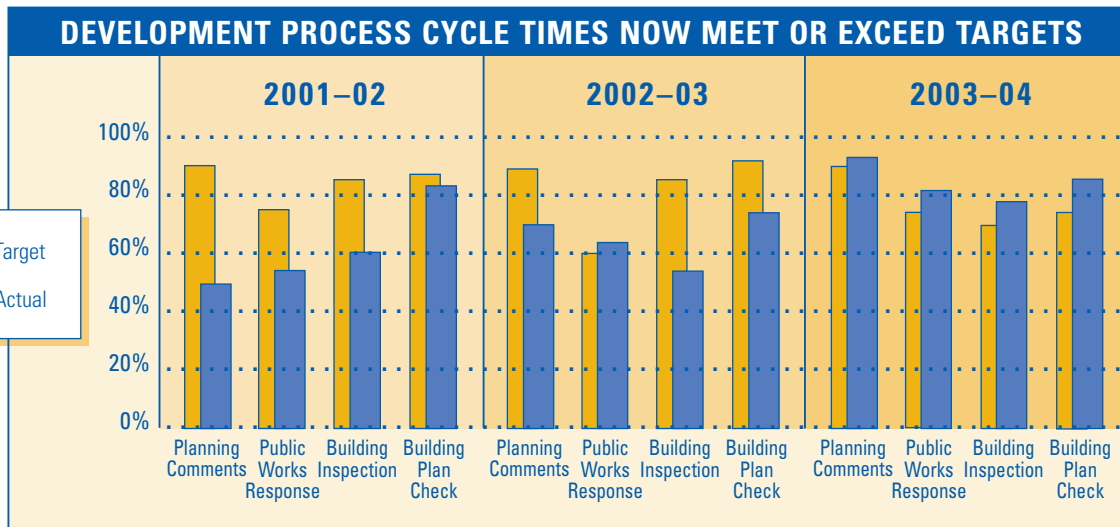
- Approved development agreements for eBay and BEA headquarters expansions. Developed term sheet agreement for Hitachi Global Systems development concept for their Cottle Road facility.
- Coordinated groundbreaking/grand opening ceremonies for Center Beam, Teikoku Pharma, and Pericom Semiconductor.
- A record 146 companies benefited from Enterprise Zone financial incentives in 2003.
- Adopted the Local Business and Small Business Preference Ordinance.



Strategy #6: Improve Speed, Consistency, Predictability of the Development Review Process, and Reduce Costs of Operating in San Jose

Progress Highlights

- Established the One-Start Development Center.
- Extended and expanded the Special Tenant Improvement program. Since inception in August of 2002, have processed permits valued at \$50 million, affecting 2.5 million square feet and 4,400 jobs.
- Co-located Fire, Public Works, and Planning staff in the Permit Center to provide complete project review service in one location.
- Revised the Construction and Conveyance Tax Ordinance to provide temporary tax relief for certain Emerging and Driving Industries through 2009.
- Implemented enhanced service options that provide faster project review turnaround times, currently selected by approximately 60% of customers.

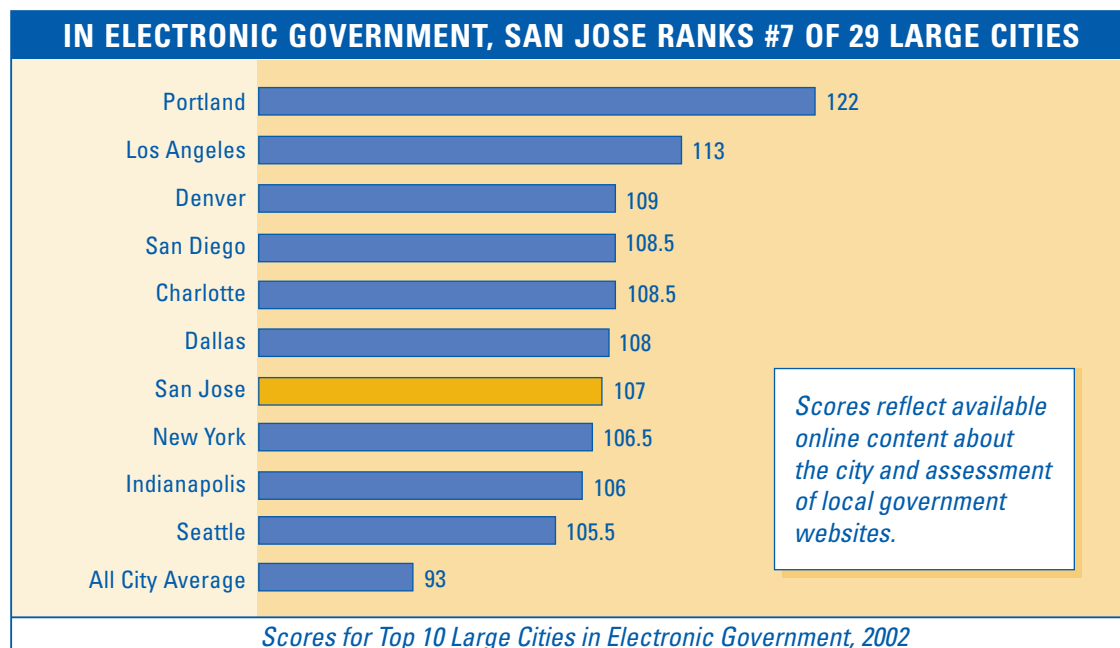


TECH SAVVY CITY

Strategy #7: Make San Jose a Tech-Savvy City; Lead the Way in Using Technology to Improve Daily Life.

Progress Highlights

- Launched free wireless connection to the Internet (WiFi) in three Downtown public spaces, in partnership with the Convention and Visitors Bureau and private partners. Achieved 99.9% system reliability, 75-100 daily log-ins, and national recognition in *Newsweek* magazine.
- On track for 100% broadband service coverage with cable and/or DSL by early 2005.



SOURCE: Yahoo! Internet Life, 2002

PLACE OF OPPORTUNITY

Strategy #8: Diversify San Jose's Economic Base and Preserve/Create Middle-Income Jobs

Progress Highlights

- Opened the Bioscience Incubator and Innovation Center in June 2004; two start-up companies operating already.
- Conducted 68 retention visits to employers in light/heavy industrial areas.
- Facilitated the location of Beshoff Motors Mercedes in East San Jose.
- Adopted research-based framework for evaluating potential conversions of employment lands to other uses.

San Jose area ranks #4 nationally in biotechnology capacity, ahead of #8 San Francisco.

(Milken Institute)

BARRIER TO PRESERVING MIDDLE-INCOME JOBS

Conversion of light/heavy industrial lands to other uses can threaten directly San Jose's base of middle-income jobs. Since 2003, nearly 250 acres of employment lands have been "lost" through General Plan amendments to non-industrial land uses. Private applicants have proposed converting approximately 711 acres of industrial land to housing; these 16 additional amendments are now in various stages of review.

Strategy #9: Prepare Residents to Participate in the Region's Economic Opportunity, from K-12 to Lifelong Learning

Progress Highlights

- Launched "Silicon Valley/South Bay Saves" financial literacy campaign to assist lower-income residents.
- Provided job placement services at the One-Stop Network to 13,000 people per month.
- Developed a retail training program emphasizing career ladders up from entry-level jobs.
- Developed lineman training and apprenticeship program with utility employers.

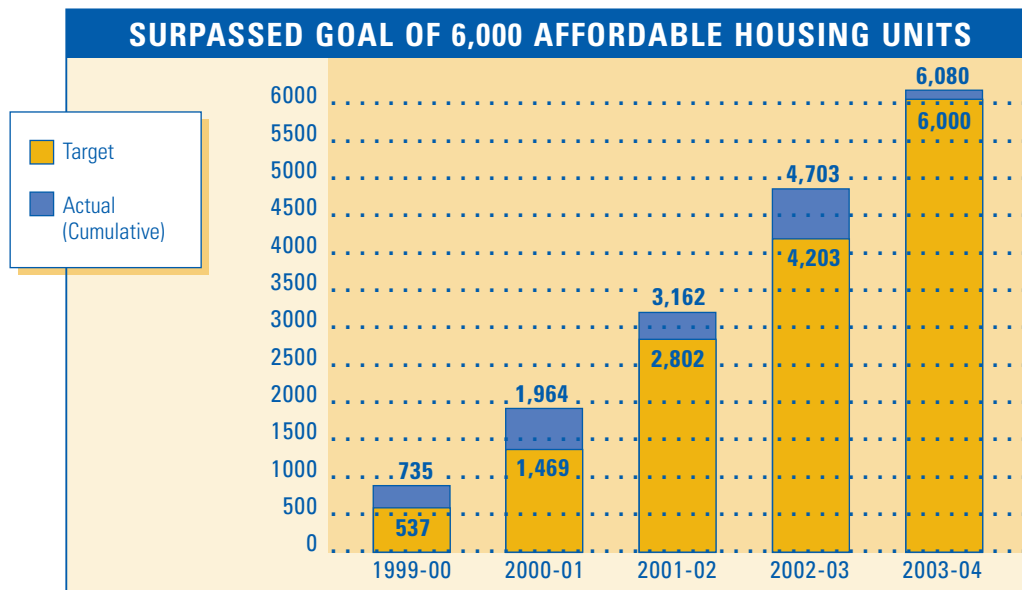
SILICON VALLEY WORKFORCE INVESTMENT NETWORK	
Clients Served per Month	13,000
% of Clients Placed in Jobs	75%
% of Clients Employed 6 Months After Initial Placement	85%
Training Dollars Under Management	\$2.2 million

WORLD'S MOST LIVABLE BIG CITY

Strategy #10: Continue Emphasis on Developing New Housing, Including New Housing Types in a Variety of Neighborhood Settings

Progress Highlights

- Surpassed goal of building 6,000 affordable homes in five years.
- Approved City financial participation in a 148-unit artist housing project in the Spartan-Keyes Arts District, and a 134-unit teacher housing project at Delmas Park.
- Issued Request for Proposals for Downtown high-rise housing.
- Achieved 100% track record in applying for state housing bond funds, with a total value of \$7.3 million.
- Modified the Inclusionary Housing Policy in Redevelopment Areas to ease the burden on new small housing developments.



FUTURE BARRIER TO AFFORDABLE HOUSING

Reductions in available RDA funding— due to State decisions and property devaluation— are impacting the City's ability to meet its second, five-year affordable housing production goal of 6,000 units.

Strategy #11: Revise Key Land Use and Transportation Policies to Reflect the New Realities of the San Jose Economy

Progress Highlights

- Responding to workplace trends, launched modification to the North San Jose Area Development Policy to allow more efficient land use, more supportive commercial development, and some housing in strategic locations.
- Revised signage regulations in commercial and industrial areas to increase flexibility in sign size and location.
- Revisions to Citywide Level-of-Service Transportation Policy are being drafted to enable more walkable, higher-density environments along transit corridors and in special mixed-use districts.

Strategy #12: Encourage Sporting Teams, Events, and Facilities, Professional as well as Amateur

Progress Highlights

- Approved Logitech Ice expansion.
- Sports Facilities Task Force completed a detailed analysis of the opportunities for location in San Jose of a team from Major League Baseball, National Football League, National Basketball Association, and Major League Soccer.
- Initiated discussion with San Jose State about joint development of the South Campus area for collegiate, intramural, resident, and professional sports and recreation.

Strategy #13: Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability

Progress Highlights

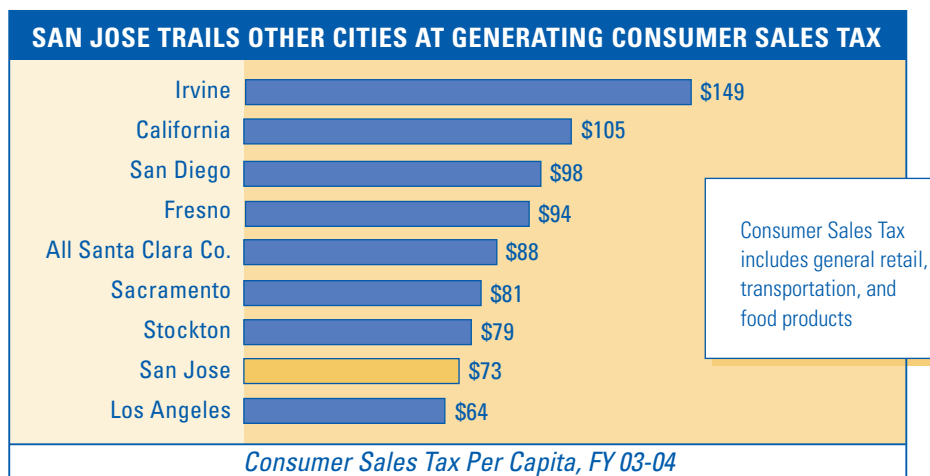
- Assisted with renovation of Oakridge Shopping Mall, next phase of Santana Row, upcoming renovation of Eastridge Shopping Mall, and Kohl's entry to San Jose market.
- Secured an additional \$1.8 million in revenue through ensuring appropriate allocation of corporate sales tax to San Jose.
- Completed research identifying "Underserved Neighborhood Retail Markets."
- Expanded Downtown Retail Program to ten neighborhood areas, and are underway with marketing packages, maps, and recruitment efforts for each.
- Identified future retail opportunities in the Evergreen Area and Coyote Valley.

Challenge: In the next 18 months, San Jose will lose at least \$1.4 million annually in sales tax as car dealers relocate to nearby cities.

OPPORTUNITY: SAN JOSE IS 20% UNDER-RETAILED

Research has confirmed that San Jose has 20% less retail offerings than it could sustain, given its population size and income levels. With increased effort and investment, San Jose could increase its retail sales tax generation by 25%. Main obstacles:

- Availability of appropriately sized and located sites
- Willing seller and feasible land/construction costs
- Staff investment in marketing and deal facilitation.



CAPITAL OF SILICON VALLEY

Strategy #14: Communicate a Compelling, Consistent Community Identity for San Jose

Progress Highlights

- Collaborated with Convention and Visitor's Bureau to ensure that San Jose economic vision and message are incorporated into their marketing materials.
- Developed shared communication message about Downtown San Jose as Silicon Valley's Creative Urban Center.
- Drafted script for a San Jose video that can be shown to visitors and prospects to deliver a consistent base message.
- Executed regional communications campaign, including advertorials and radio spots, to promote San Jose as home to innovative technology companies.

LACK OF IDENTITY IS FUNDAMENTAL PROBLEM

Interviews and experience gained through creating and implementing San Jose's Economic Development Strategy point consistently to a fundamental problem:

Outside of California, opinion leaders and decision-makers in business and government—and other, otherwise well-informed people—do not know where San Jose is or know its significance as a major population and business center.

This core problem of recognition and identity affects our ability to shape a strong economic future for San Jose in many ways. For example:

- The airport reports that San Jose's lack of recognition as a major population center is the major barrier affecting our ability to attract national and international air service.
- Global technology companies headquartered here express frustration that they need to explain to customers, investors, and recruits where San Jose is and why they are located here.
- City leaders/staff report that lobbying efforts for federal funds and policy influence confront a significant lack of understanding that San Jose is a large, important American city. This results in fewer dollars awarded to San Jose (e.g., for homeland security).
- SJSU leadership has expressed desire to "raise San Jose's brand awareness and stature nationally and internationally" as a major collaborative goal with the City. San Jose's lack of brand awareness affects SJSU recruiting, fundraising, and partnering efforts.

Absent a concerted effort to shape and manage perceptions of San Jose in the national and international marketplace of communities, otherwise well-informed people form wrong perceptions, have no perceptions, or hold on to old perceptions of San Jose.

Strategy #15: Engage Private Sector Leadership for San Jose's Economic Strategy

Progress Highlights

- Launched the Business Appreciation Initiative, completing introductory meetings with 79 key companies; 23 additional meetings to come.
- Established the Mayor's Economic Leadership Team to learn from senior executives of San Jose's Driving Industries.
- Developed relationships with the venture capital community to help increase San Jose's share of venture-backed start-ups.

BUSINESS APPRECIATION INITIATIVE

Through this new initiative, senior representatives of nine city agencies have been matched as "account managers" with executives at 100 companies that are important to San Jose's economic future. City staff meet proactively to troubleshoot problems and identify collaborative opportunities. For example, staff has helped companies:

- access SVWIN training dollars and recruiting assistance
- expedite construction and expansion projects
- collaborate with San Jose Police Department on crime prevention
- connect to local businesses, universities, and civic involvement opportunities.

APPENDIX

Implementation Projects

Economic Development Strategy/“Getting Families Back to Work” (GFB2W)

A complete list of all projects, organized by Strategic Initiative, identifying which ones are:

- **“Complete”**—project finished
- **“In Progress”**—started implementing this project, and it will be completed at a future date
- **“Ongoing”**—implementation of this project will continue indefinitely; no firm completion date is appropriate
- **“To Be Started”**—implementation of this project has not begun.

Strategic Initiative #1: Build a World-Class Airport Facility and Air Services	
GFB2W Directives	
1.1 Reduce commercial aircraft landing fees at the Norman Y. Mineta San Jose International Airport	Complete.
1.2 Meet with airline executives to discuss their needs at our airport and develop a strategy to meet those needs.	Ongoing.
Economic Strategy Projects	
1.3 Develop international flights to Asian and European gateway cities.	Ongoing.
1.4 Increase the City’s understanding of the air-service needs of San Jose’s Driving Industries.	Ongoing.
1.5 Design the North Concourse.	In progress.
1.6 Extend runway 30 left.	Complete.
1.7 Continue construction projects that improve access into and out of the airport.	In progress.
1.8 Accommodate corporate needs for owned, leased, or fractional shares of corporate jets.	Ongoing.
1.9 Maintain a diverse base of air carriers.	Ongoing.
1.10 Develop a public art masterplan that enables the airport facility to reflect San Jose’s vision and distinct characteristics (e.g. global gateway, innovation center), and make a powerful first impression.	In progress.
Strategic Initiative #2: Forge Connections to Innovation Regions Globally for Mutual Economic Benefit	
GFB2W Directives	
No specific GFB2W Directives for this Strategic Initiative	
Economic Strategy Projects	
2.1 Leverage current Sister City relationships for economic benefit where appropriate	Ongoing.
2.2 Develop new strategic partnerships with a select number of innovation regions globally.	Ongoing.
2.3 Seek advice from local businesses with global operations about how City leaders can support international businesses, including the strategic use of regional relationships and trade missions.	Ongoing.
2.4 Reacting to opportunities, attract offices of foreign companies that want a Silicon Valley or Bay Area presence.	Ongoing.
2.5 Build San Jose’s visibility and relationships with ethnic technology/entrepreneur associations in Silicon Valley. Encourage relationship building across ethnic and cultural groups.	Ongoing.
2.6 Market the Bioscience Incubator and Innovation Center to attract foreign companies seeking a Bay Area presence.	Ongoing.
2.7 Help establish more foreign business incubators and government trade and investment offices in San Jose.	Ongoing.
2.8 Host Diplomatic Dinner with the diplomatic corps of Asian and European countries, local ethnic technology/entrepreneur associations, and San Jose Silicon Valley businesses to strengthen relationships and position San Jose as the global gateway of Silicon Valley.	To be started.

Strategic Initiative #3: Develop Strategic Partnerships with San Jose State and Other Universities to Drive Innovation and Economic Impact—CITY COUNCIL “TOP 4” PRIORITY FOR 2004

GFB2W Directives

- 3.1 Strengthen our relationship with San Jose State University’s academic programs that produce employees for growing industries and occupations. Ongoing.
- 3.2 Explore partnership opportunities with SJSU for a multiuse sports venue on the South Campus that could serve students and residents, as well as meet needs of amateur and professional sports teams. In Progress.
- 3.3 Strengthen our relationship with regional universities. Ongoing.

Economic Strategy Projects

- 3.4 Convene retreat of senior professional leadership of SJSU and the City to identify high-priority projects for collaboration. Share recommendations with Mayor, Council, and SJSU President for review and approval. Complete.
- 3.5 Work with SJSU to identify Downtown sites for University-related activities that would benefit from public involvement, especially those related to art, design, and culinary arts. In Progress.
- 3.6 Partner San Jose’s Bioscience Incubator and Innovation Center with SJSU’s Biotechnology training initiative to expand San Jose’s bioscience workforce, training opportunities and lab capacity. Ongoing.
- 3.7 With SJSU and other partners, work to make Downtown more “hip” and attractive to the young University population, including the future on-campus residents. Ongoing.
- 3.8 Help market the capabilities of SJSU’s Entrepreneurship Center and Northern California SBDC Lead Center through San Jose’s Entrepreneur Center and other mechanisms. Ongoing.
- 3.9 Explore opportunities for university/city partnerships in Building Strong Neighborhoods. A special interest is SNI outcomes/performance assessment. Ongoing.

Strategic Initiative #4: Evolve and Position Downtown San Jose As A Unique Creative & Cultural Center For Silicon Valley—CITY COUNCIL “TOP 4” PRIORITY FOR 2004

GFB2W Directives

- 4.1 Create flexible pricing for the Convention Center. Complete.
- 4.2 Streamline special event permit requirements and process. In Progress.

Economic Strategy Projects

- 4.3 Expand the Convention Center and upgrade its quality to increase its capabilities as a world-class meeting place. In Progress.
- 4.4 Collaborate across departments and community partners to quickly and flexibly encourage use of Downtown San Jose as a large “virtual convention center.” Ongoing.
- 4.5 Help enable the scaling up of existing museums from mid-tier to big-city size, facilitating private and philanthropic dollars, in order to attract more local, regional, national, and international visitors. Ongoing.
- 4.6 Help facilitate the addition of new cultural, entertainment, and athletic attractions Downtown. Ongoing.
- 4.7 Help facilitate the creation of permanent homes for existing arts institutions, and the retention and expansion of existing ‘boutique-sized’ arts spaces. Ongoing.
- 4.8 Host an international-caliber Art and Technology Festival every two years, beginning in Summer of 2006. Ongoing.
- 4.9 Promote Downtown as an entrepreneurial hotspot with rich amenities for and resources for companies in the “start-up” (1 to 10 employees) and “grow-up” (10-100 employees) phases of development. Ongoing.
- 4.10 Retain and attract business, professional, and creative services companies Downtown. Ongoing.
- 4.11 Use incentive funds to encourage investment in unreinforced masonry buildings on key blocks in the Downtown Core. ... In Progress.
- 4.12 Showcase ethnic cuisine from throughout San Jose/Silicon Valley in Downtown. Ongoing.
- 4.13 Nurture locally owned businesses that bring day and night vibrancy to Downtown streets, including restaurants, cafes, art galleries, clubs/music venues, and businesses serving university students. Ongoing.
- 4.14 Implement the plan for the SOFA creative district and for the Spartan Keyes artist-housing complex. Ongoing.
- 4.15 Offer free WiFi service outdoors in Downtown. Develop a page for users that helps people connect intuitively to the major Web sites highlighting activities, events, and resources Downtown. Complete.
- 4.16 Continue efforts of the Downtown Marketing Collaborative to measure quantitative impact of event marketing, extend marketing messages throughout the network in cost-effective manner, and ensure consistency of overall Downtown marketing message. In Progress.

**Strategic Initiative #5: Support Start-Up and Growth of Local Businesses, Small and Large, in Tech
as well as Non-tech Fields—CITY COUNCIL “TOP 4” PRIORITY FOR 2004**

GFB2W Directives

- | | | |
|------|--|--------------|
| 5.1 | Engage venture capital community to promote San Jose’s advantages as a location for start-ups. | Ongoing. |
| 5.2 | Liberalize underwriting criteria for the Revolving Loan Fund (RLF) and Development Enhancement
Special Funds (DESF) to make more loans available. | Complete. |
| 5.3 | Explore creation of a local preference policy to support local businesses. | Complete. |
| 5.4 | Implement tax relief to encourage investment in San Jose. Modify Industrial Land Use/Building & Structures Tax. | Complete. |
| 5.5 | Provide a list of current regulations that may hinder business development or operations in San Jose,
and criteria used to develop the list. | Complete. |
| 5.6 | Report on progress revising regulations that may hinder business development or operations in March, 2004. | Complete. |
| 5.7 | Mayor and Council to facilitate stakeholder discussions regarding proposed Community Benefit Assessments
and Community Impact Reports. | In Progress. |
| 5.8 | Initiate a Countywide conceptual agreement pledging support for a collaborative job retention strategy. | Complete. |
| 5.9 | Encourage tax relief for small businesses (less than 3,000 sq. ft.) with both an emphasis on Downtown and NBDs. | In Progress. |
| 5.10 | Investigate the use of multiple-prime contracting as a means to provide local, small business incentives
for contractors, consultants, or vendors. | Complete. |

Economic Strategy Projects

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|------|---|--------------|
| 5.11 | Launch the Business Appreciation Initiative to ensure that the City has senior-level relationships with key companies
to make companies feel welcome, connected, and appreciated and encourage retention and expansion. | Ongoing. |
| 5.12 | Increase access to City contracting and purchasing opportunities through improvements to communication
and the procurement process. | Ongoing. |
| 5.13 | Increase access of small businesses to the Entrepreneur Center resources. | Ongoing. |
| 5.14 | Aggressively promote use of Enterprise Zone Tax Credits (set to expire in 2006) as a tool for reducing
business operating costs. | Ongoing. |
| 5.15 | Develop a strategy to increase private investment in businesses and real estate located in disadvantaged
San Jose neighborhoods. | In Progress. |

**Strategic Initiative #6: Improve Speed, Consistency, and Predictability of the
Development Review Process, and Reduce Costs of Operating in San Jose**

GFB2W Directives

- | | | |
|------|--|-----------|
| 6.1 | Modify the Zoning Code to consolidate and streamline development processes, including clarifying that consolidated approvals
of PD Zoning and PD Permits by the Council is permissible. Modify the Zoning Code to clarify that consolidated approvals
of zonings and permits by the Council is permissible. | Complete. |
| 6.2 | Extend the Special Tenant Improvement fee exemption for another 18 months, from November of 2003 through April 2005.
Expand the Special Tenant Improvement Program to office uses Downtown. Provide a list of “Driving Industries.” | Complete. |
| 6.3 | Expand Project Manager lead/team service delivery format to include Building Permit processing. | Complete. |
| 6.4 | Create a “One Start” Development Center where anyone needing to do business with the City can find assistance
at a single customer service function. | Complete. |
| 6.5 | Eliminate delays in the development review process. Refund permit fees when City staff review exceeds
cumulative review cycle targets. | Complete. |
| 6.6 | Integrate the permitting process of the RDA into the Planning Department. | Complete. |
| 6.7 | Expand or modify the hours that City Hall is open to serve businesses to improve the convenience and
accessibility of doing business in San Jose. | Complete. |
| 6.8 | Simplify the historic review process and clarify historic resource review procedures. | Complete. |
| 6.9 | Examine ways to eliminate or consolidate steps to streamline the Development Process.
Move decisions to the lowest practical level in the City. | Ongoing. |
| 6.10 | Create design guidelines for the Downtown Core focused on the main design issues that set clear expectations for
building density to improve predictability for developers and increase processing speeds. | Complete. |
| 6.11 | Speak with “One Voice” by focusing City service areas, City departments, and the Redevelopment Agency into clusters of
resources and workgroups with common purposes. | Ongoing. |

6.12	Amend performance measures to include the number of applications and the time required to process applications.	Complete.
6.13	Complete the “Guide to Land Use Planning and Development” to explain the process to residents, small business/property owners, and other lay people. Include translation into Vietnamese and Spanish.	In Progress.
6.14	Help companies access resources for energy efficiency, recycled water, and green building design to help reduce energy, water and operating costs.	Ongoing.
6.15	Conduct historic resource inventory surveys to identify San Jose’s historic resources up front.	In Progress.
Strategic Initiative #7: Make San Jose A Tech-Savvy City; Lead the Way in Using Technology to Improve Daily Life		
GFB2W Directives		
7.1	Identify geographic service gaps in DSL and/or high-speed cable access in San Jose and work to achieve 100% service coverage within 12 months.	In progress.
7.2	Issue an RFP for wireless service providers to locate their equipment anywhere on City property or equipment. Staff recommended first action: Develop a strategy to encourage widespread availability of wireless services across San Jose.	In progress.
Economic Strategy Projects		
7.3	For the new City Hall, plan and implement enhanced IT/Communications services to support more efficient and effective government service delivery and communication with the public, including wireless capacity and enhanced web services.	In progress.
7.4	Offer free WiFi service outdoors in Downtown, being among the first large metropolitan areas to do so.	Complete.
7.5	Provide IT infrastructure to support cross-enterprise collaboration and project management as recommended in the One Voice initiative.	In progress.
Strategic Initiative #8: Diversify San Jose’s Economic Base and Preserve/Create Middle-Income Jobs— CITY COUNCIL “TOP 4” PRIORITY FOR 2004		
GFB2W Directives		
8.1	Complete the bio-tech incubator/innovation center on a fast-track.	Complete.
8.2	Contact national site search firms to provide most current information about San Jose advantages and relative costs.	Complete.
Economic Strategy Projects		
8.3	Improve career ladders and increase training funds for health care occupations.	Ongoing.
8.4	Develop career ladders up from entry-level jobs in the retail industry and support employer training needs.	Ongoing.
8.5	Encourage retraining of software workers whose jobs are at-risk.	Ongoing.
8.6	Develop career ladders up from entry-level jobs in the hospitality industry and support employer training needs.	Ongoing.
8.7	Increase understanding of short- and long-term training needs in bioscience.	Ongoing.
8.8	Provide to City Council a research-based framework for evaluating potential conversions of employment lands to other uses; identify employment sub areas that should be protected and sub areas appropriate for a mix of uses.	Complete.
Strategic Initiative #9: Prepare Residents to Participate in Region’s Economic Opportunity, from K-12 to Lifelong Learning		
GFB2W Directives		
9.1	Realign job-training to focus on growth industries and occupations, while retaining existing programs.	Ongoing.
Economic Strategy Projects		
9.2	Continue providing job placement services at the San Jose One-Stop.	Ongoing.
9.3	Continue providing hiring and outplacement services to businesses.	Ongoing.
9.4	Launch “Silicon Valley South Bay Saves”—a financial literacy campaign to assist lower-income local residents in making information decisions about how to use, save, and invest their financial resources.	Complete.

**Strategic Initiative #10: Continue Emphasis on Developing New Housing,
Including New Housing Types in a Variety of Neighborhood Settings**

GFB2W Directives

- 10.1 Develop Housing Department Underwriting Guidelines. In progress.
- 10.2 Review of burdensome insurance rates on small contractors. Complete.
- 10.3 Present in Spring 2004 recommendations related to increased higher-density residential development Downtown and proceed with RFP schedule outlined in the 12/16/03 report. In progress.
- 10.4 Amend Inclusionary Housing requirements. Complete.

Economic Strategy Projects

- 10.5 Publicize sites identified for new housing throughout the City. Ongoing.
- 10.6 Leverage the City's housing program with other resources to continue to be a leader in the production of new affordable housing. Ongoing.
- 10.7 Increase recognition of San Jose as the leading provider of housing in Silicon Valley, and the largest population center in the Bay Area. Ongoing.
- 10.8 Encourage the creation of studio condominium housing for young, entry-level engineers or other employer-assisted housing in partnership with employers. In progress.
- 10.9 Participate in state-level efforts to reform Construction Defect Litigation rules in order to encourage development of condominiums in San Jose. Ongoing.
- 10.10 Encourage the creation of housing/work spaces for artists (especially in Spartan-Keyes) and for lower-income entrepreneurs (including immigrants). Ongoing.
- 10.11 Encourage high-rise housing in the Downtown core and mid-rise housing near transit stations. Attract new developers to San Jose who are experienced in housing and mixed-use forms that are new to San Jose, such as high-rise. Ongoing.
- 10.12 Encourage a wide variety of housing types in the Downtown core: rental and for-sale; mid-rise and high-rise; small studios, large flats, and townhouses. Ongoing.

**Strategic Initiative #11: Revise Key Land Use and Transportation Policies
to Reflect the New Realities of the San Jose Economy**

GFB2W Directives

- 11.1 Modify existing zoning districts, or create new zoning districts that better align with the General Plan. To be started.
- 11.2 Update the North San Jose Area Development Policy to allow increased floor area ratios, more supportive commercial development along and near the First Street rail corridor and the airport, and the introduction of housing in strategic locations. In progress.
- 11.3 Revise signage regulations in commercial and industrial areas to be more flexible on the size and location of signage. ... Complete.

Economic Strategy Projects

- 11.4 Provide to City Council a research-based framework for evaluating potential conversions of employment lands to other uses; identify employment sub areas that should be protected and sub areas appropriate for a mix of uses. Complete.
- 11.5 Proactively initiate General Plan amendments and rezoning proposals for specific parcels suitable for housing (i.e., continue the Housing Opportunity Study). Increase residential densities around existing light rail stations to fully capture the potential of these lands for housing production. In progress.
- 11.6 Revise the Citywide Level-of-Service Transportation Policy to enable higher-density development and more walkable environments along transit corridors and in special mixed-use districts (i.e., Specific Planning Areas). In progress.
- 11.7 Expedite completion of a master Environmental Impact Report to facilitate implementation of the Downtown Strategic Development Plan, which concentrates and clusters more employment, residential, and cultural resources Downtown. In progress.
- 11.8 Proactively initiate General Plan amendments and rezoning proposals for specific parcels suitable for retail—aimed at serving underserved sub areas of San Jose and adjoining communities (i.e., a Retail Opportunity Study). Ongoing.

Proposed Start 04-05 (pending budget)

- 11.9 Modify General Plan land use designations and zoning districts to reflect the types of land uses and economic activities occurring in each of the active employment sub areas, and to improve flexibility to accommodate continuous restructuring. To be started.
- 11.10 Develop a range of tools and policies to encourage the reuse and recycling of vacant buildings that have become functionally obsolete, including a program to allow flexible, nonresidential, interim uses in these vacant buildings in the immediate term. To be started.

Strategic Initiative #12: Encourage Sporting Teams, Events and Facilities, Professional as well as Amateur	
GFB2W Directives	
12.1 Strengthen our ability to keep and grow sports teams and events in San Jose. Beginning in December 2003, issue quarterly status reports on efforts.	Ongoing.
Economic Strategy Projects	
12.2 Work with Sharks on expanding Logitech by adding a fourth rink and other improvements to the mezzanine.	In progress.
12.3 Craft a specific strategy for strengthening San Jose’s ability to retain and grow professional sports teams and events in San Jose, working in partnership with private-sector and civic leaders. This should include the attraction of sports teams, events, and organizations, as well as the construction, expansion and modernization of sports venues.	In Progress.
12.4 Assist in the redirection and reformation of the current Sports Authority Task Force to ensure aggressive, focused pursuit of “Big Four” professional sports, other professional sports, amateur sports, and NCAA events.	Ongoing.
12.5 Make the City Council liaisons, Mayor’s representatives, and City Manager’s representatives full members of the Sports Authority Task Force.	Complete.
12.6 Explore partnership opportunities with SJSU for a multiuse sports venue on the South Campus that could serve students and residents, as well as meet needs of amateur and professional sports teams.	In Progress.
Strategic Initiative #13: Develop Retail to Full Potential, Maximizing Revenue Impact and Neighborhood Livability	
GFB2W Directives	
13.1 Maximize City sales tax from City and privately funded activity.	Ongoing.
Economic Projects	
13.2 Create a coordinated “One Voice” approach to encourage retail Citywide (Downtown, NBDs and SNI areas, and the rest of the City), leveraging staff experience, resources, and information to maximize new retail activity in San Jose.	Ongoing.
13.3 Attract neighborhood-serving retail to Neighborhood Business Districts (NBDs) and Strong Neighborhood Initiative Areas (SNI), responding to neighborhood needs.	Ongoing.
13.4 Attract community-serving retail (larger-scale retail serving sub areas of the city and adjacent cities)	Ongoing.
13.5 Continue implementing the Downtown Retail Strategy to attract new stores and restaurants Downtown.	Ongoing.
13.6 Continue providing support to encourage expansion and retention of existing businesses.	Ongoing.
13.7 Develop collateral material to promote retail areas Citywide to brokers and potential retailers.	In progress.
13.8 Proactively initiate General Plan amendments and rezoning proposals for specific parcels suitable for retail—aimed at serving underserved sub areas of San Jose and adjoining communities (i.e., a Retail Opportunity Study).	In progress.
13.9 Complete and release the “Underserved Neighborhood Retail Markets” Study and make this information available to retailers and developers.	Complete.
13.10 Update annually the City’s GIS mapping system that identifies population demographics, employment location, and land/building characteristics and make it accessible to City staff and public- and private-decision makers.	In Progress.
13.11 Assist in the launch of new self-sustaining Business Associations.	In progress.
13.12 Help transform interested Neighborhood Business Districts into Business Improvement Districts (BIDs) or Property Based Improvement Districts (PBIDs) to encourage their long-term sustainability.	In Progress.

Strategic Initiative #14: Communicate Compelling, Consistent Community Identity for San Jose	
GFB2W Directives	
14.1 Initiate an aggressive outreach and advocacy campaign that complements the Mayor's efforts and focuses on attracting Driving Industry activity. Tell San Jose's story effectively to strategically important audiences with creative approaches.	In progress.
Economic Strategy Projects	
14.2 Explore development of a public-private marketing partnership to raise San Jose's identity nationally and internationally, and leverage shared interest in supporting a robust identity-building campaign for San Jose.	In progress.
14.3 Clarify target audiences, the core message for each, and the primary vehicles for reaching them.	In progress.
14.4 Arm representatives of local companies and institutions (potential "ambassadors") with key messages and materials so they can effectively tell the San Jose story internally and as they travel outside the region.	Ongoing.
14.5 Contact key regional, national, and international media outlets that regularly display West Coast maps in news and weather-related stories and encourage them to display San Jose as the marker for the region.	In progress.
14.6 Explore ways to create a quantitative baseline of national and international perceptions and recognition of San Jose.	To be started.
14.7 Identify ways to reach Convention attendees with San Jose's key messages.	In progress.
14.8 Produce a short video piece about San Jose that can be used to brief visitors, educate locals, and augment the city's marketing materials (for leave behind, mail out, or download).	In progress.
14.9 Use the 2006 Art and Technology Festival to raise San Jose's visibility nationally and internationally, and position San Jose as a globally significant creative community.	In progress.
Strategic Initiative #15: Engage Private-Sector Leadership for San Jose's Economic Strategy	
GFB2W Directives	
15.1 Establish an advisory group of leaders from Driving Industries.	Complete.
15.2 Move swiftly with effective legislative advocacy regarding economic policy initiatives at the state and federal level.	Ongoing.
Economic Strategy Projects	
15.3 Launch the Business Appreciation Initiative to ensure that the City has senior-level relationships with key companies to make companies feel welcome, connected, and appreciated and encourage retention and expansion.	Ongoing.
15.4 Engage business leaders, residents, and economic development partners on the findings and recommendations of San Jose's economic strategy.	Ongoing.
15.5 Engage venture capital community to promote San Jose's advantages as a location for start-ups.	Ongoing.
Other GFB2W Directives	
A. Report in 90 days with recommendations to revise the City Employee Suggestion Award Program.	In Progress.
B. Provide during mid-year budget review the actual financial ramifications and implications of the items approved that directly affect revenue along with a variance report comparing actual cost of each item to the forecast provided at the time of the approval. Include cost over the next five years of initiatives.	Complete.
C. Create Performance Measures for GFB2W directives, and use them in evaluations of the City Manager, Redevelopment Agency Director, and City Attorney.	Ongoing.
D. Annual accounting to monitor success, with scope to be developed through exclusive discussions with Council.	Ongoing.
E. Include sample/prototype of Council Appointee evaluation documents in February 2004.	Ongoing.

IMPLEMENTATION PRINCIPLES

When implementing and refining this strategy over time, City leadership and staff should remember the following principles:

Perspective we have...

- Economic development is a *Citywide business*.
- Economic development and quality of life are *interdependent priorities*.
- *Employers are customers*, just like residents.
- Each City staff member is an *Ambassador* for the entire City.

What we do...

- Support efforts of private-sector employers to *increase productivity*—to add more value or to reduce costs.
- Create *unique competitive advantages* for San Jose.

How we do it...

- *Be in relationship* with San Jose industries for ongoing learning.
- *Collaborate* within and outside the City organization to address shared challenges and access expertise and resources.
- Be *speedy, agile, and adaptable*.
- Focus on a few priority actions, and finish what you start.
- *Be open* to new opportunities that emerge aligned with our economic vision.

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